

PRIORITY

(Security Classification)

## FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, SAN SALVADOR

TO : THE DEPARTMENT OF STATE, WASHINGTON

DEPARTMENT OF STATE  
108  
DESP. NO.

September 14, 1953

REF : Dept's Circular Airgram of August 17, 1953

18 For Dept. Use Only	ACTION	DEPT.
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SUBJECT: Economic Issues at the Eighth Session of the General Assembly

On August 25 the Embassy delivered to the Ministry of Foreign Affairs an aide-memoire in Spanish based upon the Department's circular airgram CA-872 of August 20 concerning economic issues which may arise during the forthcoming Eighth Regular Session of the General Assembly at New York.

In reply, the Embassy has now received a memorandum dated September 11, 1953 from which the following pertinent portion is quoted in translation:

"The Salvadoran Government is prepared to make known to the American Government its point of view with respect to Item 26 which contains two proposals: a) the creation of a special United Nations fund for economic development, and b) the creation of an International Finance Corporation.

With respect to proposal a) the Government of the United States of America suggests that the creation of a special fund be deferred until 'sufficient progress has been made towards world disarmament' and the countries can dedicate part of their savings to the creation of the said fund. With regard to proposal b) the American Government points out that the formalization of the project for the establishment of an international corporation would not serve any specific purpose since the member countries are not yet prepared to furnish funds for such corporation; for which reason it recommends that the matter be postponed for further study.

On this matter the Salvadoran Government feels it desirable to recall that during the Seventh Ordinary Session of the General Assembly which took place in 1952 point a) as well as point b) were submitted to the consideration of the Assembly, which agreed by a vote of 45 votes in favor, 0 against, and 5 abstentions that the Economic and Social Council would study the means of putting both proposals into effect (Resolutions 154, 159, 161, 163, and 170).

El Salvador, being among the countries which voted favorably on the Resolutions mentioned on financing and economic development and considering that it was approved by 90% of the member countries the State Dept. declassification instructions on file

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Salvadoran Government is not in a position to support the view of the American Government, the more so since said Resolutions imply only proposals for study and do not contemplate any obligation for the realization of the proposals to which they refer.

The Government of El Salvador will give instructions to its Delegation in order that it may, after consulting the views of the other delegations which voted in the same sense, adopt the most desirable attitude in view of an examination of the present situation and of the arguments which develop concerning Item 26, and, of course, of the position which it has adopted in this matter."

For the Ambassador:

  
Andrew E. Donovan, II.  
Counselor of Embassy